

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Parks and Recreation	Dan Iverson/233-0063	Catherine Cornwall/684-8725

Legislation Title: AN ORDINANCE relating to food and beverage concessions in several City of Seattle parks; authorizing the Superintendent of the Department of Parks and Recreation to enter into five-year concession lease agreements with food service providers to provide food services at Gas Works Park, West Green Lake Beach and Madrona Park.

Summary of the Legislation:

The proposed legislation approves three concession agreements with food service providers to operate concessions located at Gas Works, West Green Lake Beach and Madrona Parks.

Background: Department of Parks and Recreation (DPR) has long operated the three concession stands included in this legislation through various short-term agreements with summer-only operators, selected through an annual request for proposal (RFP) process. Quality of services offered and revenues to the department have varied significantly from year to year, with these locations underperforming relative to the popularity and use levels in these parks. Given the short-term of earlier agreements, there has been no incentive to encourage concessionaire investment or marketing to improve services. In November 2011, DPR advertised an RFP process for long-term food service providers for the three park concession stands. West Green Lake Beach attracted three responses; and Gas Works attracted two responses; no responses were initially received for Madrona Park.

RFP outcome:

All proposals were thoroughly reviewed by a team of three Parks staff evaluators. After the RFP process was completed, but before the legislation was prepared, the sewer line at West Green Lake Beach failed and the winning respondent to the Green Lake proposal decided to withdraw; the opportunity was then extended to the next highest bidder, Walid Al Abtan (after completion of sewer repairs). Walid Al Abtan was also the successful bidder for Gas Works; as his proposal best met the RFP review criteria and was judged to be the most advantageous to the City. While no proposal was received for the Madrona location, DPR negotiated with Mr. Al Abtan and his wife to operate at Madrona. All food service operators selected are minority-owned small businesses with histories of operating successful DPR concession locations as well as other stand-alone food service businesses in Seattle. The three leases are similar; however, minimum rents vary, increasing with the size of the stand and busyness of the location. In exchange for longer term concession leases, DPR has secured higher guaranteed minimum returns and hopes to see commensurate improvements in quality of offerings and consistency in service.

Please check one of the following:

_____ This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

X This legislation has financial implications.

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Appropriations:

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not supported by revenue/reimbursements, please confirm that there is available fund balance to cover this appropriation in the note section.)

Fund Name and Number	Department	Budget Control Level*	2014 Appropriation	2015 Anticipated Appropriation
TOTAL	N/A	N/A	N/A	N/A

*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes: N/A

Anticipated Revenue/Reimbursement Resulting from this Legislation:

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.)

Fund Name and Number	Department	Revenue Source	2014 Revenue	2015 Revenue
Park and Recreation Fund (10200)	Parks and Recreation	Concessions/ Gasworks	\$2,100.00	\$ 2,100.00
Park and Recreation Fund (10200)	Parks and Recreation	Concessions/ West Green Lake Beach	\$1,500.00	\$ 6,300.00
Park and Recreation Fund (10200)	Parks and Recreation	Concessions/ Madrona	\$1,850.00	\$ 1,850.00
TOTAL			\$5,450.00	\$10,250.00

Revenue/Reimbursement Notes: Approval of this legislation is expected to generate \$10,250 in 2015 and remain at this level *as a minimum* for the five year term of the agreements. This compares favorably to the \$5,450 in total expected revenues for the three locations generated in 2014. Also, there is the potential for higher revenues because the agreements allow for year round and long-term operation, providing the concessionaires the opportunity to build branding and marketing for their food service operations.

**Total Regular Positions Created, Modified, or Abrogated through this Legislation,
Including FTE Impact: N/A**

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2014 Positions	2014 FTE	2015 Positions*	2015 FTE*
TOTAL	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Position Notes: N/A

Do positions sunset in the future? N/A

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2014 Expenditures	2015 Anticipated Expenditures
TOTAL	N/A	N/A	N/A	N/A

Spending/Cash Flow Notes: N/A

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
The long-term implication is the potential for higher revenues that may come with more concessionaire marketing and improvements to the concession stands.
- b) **What is the financial cost of not implementing the legislation?**
Vendors would continue to operate only seasonally (typically 3 months a year June, July, and August) with expected total revenues for the 3 locations being approximately \$5,450 annually. With the extended concession leases, DPR receives a guarantee of occupancy for five years and improved revenues, resulting in minimum revenues of \$10,250 for the three locations combined.
- c) **Does this legislation affect any departments besides the originating department?**
No
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
There are none.
- e) **Is a public hearing required for this legislation?** No

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No; however, the initial RFP was advertised in the Daily Journal of Commerce.

g) Does this legislation affect a piece of property?

Yes, food service providers will be operating on park property through lease agreements authorized by this legislation.

h) Other Issues: None

List attachments to the fiscal note below:

None